

# TORONTO STOCK EXCHANGE

FILING STATEMENT No. 862.  
FILED, JANUARY 24th, 1963.

## DYNAMIC PETROLEUM PRODUCTS LIMITED

Full corporate name of Company

Incorporated under the Alberta Companies Act, January 27, 1958

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

### FILING STATEMENT

Reference is made to previous  
Filing Statement No. 750.

FEB 5 1963

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Sale of Saskatchewan producing properties to Union Oil Company of Canada Limited for the sum of \$212,513.00. See Insert No. 1, page 2 hereof. (b) The purchase of 2,165,780 shares of Mill City Petroleum Limited by Dynamic Petroleum Products Ltd. and its affiliate, Royal Canadian Ventures Ltd. See Insert No. 2, page 2 hereof.
2. Head office address and any other office address.	1011A - 17th Avenue South West, Calgary, Alberta.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Frank Brown - President - Petroleum Production Supervisor 16 Massey Place, Calgary, Alberta.  Roger D. Paugh - Vice-President - Petroleum Accountant 24 Cardiff Place, Calgary, Alberta.  R. Clive Brown - Secretary-Treasurer - Petroleum Engineer 24 Massey Place, Calgary, Alberta.  A. P. Newall Jr. - Director - Oil Company Executive 7607 - 7th Street S.W., Calgary, Alberta.
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized capital 10,000,000 shares without par value  Issued and outstanding capital 5,321,632 shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Loan from affiliate company in the amount of \$50,000.00 secured by hypothecation of Dominion of Canada bonds, having a market value of \$51,000.00. Loan from shareholders secured by notes in the amount of \$44,250.00.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	Employees' Stock Option Plan dated October 20, 1959 as amended September 6, 1960, covering 189,000 shares of which 27,000 shares are exercisable at each 50¢, 60¢, 75¢, \$1, \$1.25, \$1.50 and \$2 per share respectively on January 1, April 1, July 1, October 1, all in 1960; January 1 and July 1 in 1961 and January 1, 1962. All options expire December 31, 1963 and are not assignable. The 50¢ option has been exercised to the extent of 2,000 shares.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Not applicable.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company proposes to engage in further development of present properties as funds permit. Early in 1963, the Company will acquire such additional shares of its affiliate, Royal Canadian Ventures Ltd. as may be required to bring it into the category of being a controlled subsidiary. Studies are in progress for the acquisition of additional properties.

INSERT NO. 1

By Agreements dated February 26 and June 2, 1959, with Williamson Oil & Gas Ltd., Dynamic acquired certain Saskatchewan interests. Total investment in the project including original acquisition costs and additional drilling costs was \$252,719.09. Total revenue from the property to date of sale was \$151,104.55, leaving a net investment by Dynamic of \$101,614.55.

As of September 1, 1962, Williamson Oil & Gas Ltd. sold all its properties to Union Oil Company of Canada Limited and pursuant to the Williamson agreement, Union offered to purchase all the other participants' equities in the Williamson properties on the same basis as payment was made to Williamson. Formal offer was made by Union to Dynamic on October 2, 1962, and accepted by Dynamic on October 22, 1962. Under an evaluation made for amalgamation purposes by the Company's consultants, J. C. Sproule & Associates, dated March 1, 1962, a copy of which is on file with the Exchange, a value of \$295,421.00 was attached to this property; less proceeds from date of report to September 1, 1962, of \$39,356.56, leaving a net figure of \$256,064.44. Sproule's evaluation was made using a Six per cent discount factor, whereas the Union offer was calculated on a Nine per cent discount factor. Considering the Sproule report, the history of the wells, and the recent water intrusion, the Union offer was considered fair and equitable by the Board of Directors of Dynamic, and was accepted.

INSERT NO. 2

Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd. have purchased as to a 1/3 - 2/3 interest respectively, 2,165,780 shares of Mill City Petroleums Limited, representing 39.91% of the issued shares of that Company. On December 21, 1962, Dynamic and Royal Canadian Ventures' Nominees were elected to the Board of Directors of Mill City Petroleums Limited. These shares were purchased through Brokers or Principals as follows:

	<u>Total Shares</u>	<u>Cost</u>
A. E. Ames & Co. Ltd.	803,603	\$ 250,740.97
Jas. Richardson & Sons Ltd. and Doherty Roadhouse & Co.	280,102	62,052.37
Superior Securities Corp. Ltd. (Calgary Stock Exchange and over the counter)	61,738	19,204.43
Zapata Canadian Petroleum Corporation	865,237	346,094.80
Frank G. Fulton	99,100	29,730.00
1961 Purchases	<u>56,000</u>	<u>12,050.42</u>
Totals	<u>2,156,780</u>	<u>\$ 719,872.99</u>

Average cost per share                      33.2385¢

Breakdown value of shares of Mill City Petroleums Limited from preliminary investigations indicate their actual value is far in excess of Dynamic and R. C. V.'s cost.

Dynamic's share of total cost, @ 1/3 = \$239,957.66.

CALGARY, ALBERTA

## Liabilities

\$1,903,498.08

DYNAMIC PETROLEUM PRODUCTS LTD.  
CALGARY, ALBERTA

STATEMENT OF CONSOLIDATED REVENUE AND EXPENSES  
For the Eleven Months Ended November 30, 1962

<u>REVENUE</u>		
Crude oil sales, less royalties	\$ 52,823.09	
Less-production expenses	<u>9,212.86</u>	\$ 43,610.23
Interest earned		2,598.14
Loss on sale of securities		(210.63)
Profit on sale of leases		<u>29,428.84</u>
		<u>75,426.58</u>
<u>EXPENSES</u>		
Administrative, less recoveries	\$ 27,479.71	
Technical	<u>5,847.39</u>	
Petroleum and natural gas lease and reservation	<u>20,119.61</u>	<u>53,446.71</u>
<u>NET PROFIT BEFORE DEPLETION, AMORTIZATION, DEPRECIATION AND WRITE-OFF OF ABANDONED PROPERTIES</u>		<u>\$21,979.87</u>
<u>PROVISION FOR:</u>		
Depletion of petroleum and natural gas leases	15,564.97	
Amortization of well development costs	<u>2,868.10</u>	
Depreciation of equipment	<u>8,390.56</u>	<u>26,823.63</u>
		<u>(4,843.76)</u>
<u>ABANDONMENTS</u>		
Petroleum and natural gas leases and reservation		<u>145,186.46</u>
<u>NET LOSS</u>		<u>(\$ 150,030.22)</u>

DYNAMIC PETROLEUM PRODUCTS LTD.  
CALGARY - ALBERTA

SCHEDULE OF CONSOLIDATED EXPENSES  
For the Eleven Months Ended November 30, 1962

<u>Administrative</u>		
Advertising and publicity	\$ 999.87	
Audit	150.00	
Auto and trailer (excluding depreciation)	933.90	
Less - recovered	<u>1,112.00</u>	(178.10)
Business tax		729.60
Electricity		615.25
Filing and listing fees		4,421.56
Group Insurance		211.74
Insurance		53.25
Interest		3,109.39
Janitor service		863.50
Legal fees		2,405.30
Maintenance and repairs		59.60
Memberships		25.00
Miscellaneous		498.58
Printing and stationery		1,185.87
Postage and express		796.21
Rent		7,040.00
Salaries		25,601.00
Telephone and telegrams		1,529.54
Transfer agents' fees and expenses		2,245.34
Travel and business promotion		1,284.57
Unemployment insurance		119.74
Workmen's compensation		108.78
	<u>53,875.59</u>	
Less - expenses recovered	<u>26,395.88</u>	<u>\$27,479.71</u>
<u>Technical</u>		
Geological reports and expenses	4,693.35	
Maps	150.00	
Technical publications and subscriptions	<u>1,004.04</u>	<u>\$ 5,847.39</u>
<u>Petroleum and Natural Gas Lease and Reservation</u>		
Rentals	19,609.61	
Filing and transfer fees	<u>510.00</u>	<u>\$ 20,119.61</u>

DYNAMIC PETROLEUM PRODUCTS LTD.  
CALGARY, ALBERTA

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Eleven Months Ended November 30, 1962

Source of Funds

Sale of 2,000 shares of treasury stock for cash	\$ 1,000.00	
Issue of 2,099,313 shares of treasury stock for assets of Marpoint Gas & Oil Corporation Limited	\$ 768,998.51	
* Less - portion applicable to non-current assets	731,990.45	37,008.06
Net proceeds from production after providing for royalties and operating costs		43,610.23
Interest earned		2,598.14
Sale of petroleum and natural gas leases with wells and equipment thereon		212,513.00
Sale of automotive equipment		4,000.00
Sale of miscellaneous equipment		225.00
Refund of excess charges for well development and equipment costs incurred in previous years		8,238.16
		<u>\$ 309,192.59</u>

Application of Funds

Loss on sale of marketable securities	210.63	
Administrative expense	27,479.71	
Technical expense	5,847.39	
P. & N.G. lease and reservation expense	20,119.61	
Automotive equipment	3,000.00	
Office furniture and equipment	131.60	
Well development costs	448.77	
Production equipment	4,597.36	
717,327 shares of Mill City Petroleums Limited	238,554.66	
Incorporation expenses	111.10	300,500.83

Net Increase in Working Capital

\$ 8,691.76

* Office furniture and equipment	\$ 359.00
1,700,000 shares of Royal Canadian Ventures Ltd.	367,858.00
90,000 shares of Crusade Petroleum Corporation Ltd.	33,300.00
P. & N.G. leases and reservations	280,876.55
Mining claims	25,000.00
Production equipment	20,354.66
Automotive equipment	4,242.24
	<u>\$ 731,990.45</u>

Approved on Behalf of the  
Board

Frank Brown Director

Loyle Shaffer Director

10. Brief statement of company's chief development work during past year.	Under farmout agreement, the Company has participated in the drilling of two test wells at Caribou Mountains, Alberta. Operator was Pan American Petroleum Corporation.																				
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Not applicable.																				
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable.																				
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	1,358,000 shares are held in escrow by Prudential Trust Company Limited, subject to release by the consent of the various Stock Exchanges upon which the Company's shares are listed.																				
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Frank Brown, R. Clive Brown, A. P. Newall Jr. each 200,000 shares; H. Paul Henderson, #608, 80 Richmond St. W., Toronto - 430,000 shares; Gerard N. de Tilly, 909 Cardinal Rouleau, Quebec City - 140,000 shares; Edward A. Manning, 185 Bay Street, Toronto - 58,000 shares.																				
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Frank Brown - 459,950 shares; A. P. Newall Jr. - 284,871 shares; R. Clive Brown - 267,242 shares; H. Paul Henderson - 430,000 shares; Jas. Richardson & Sons Ltd. - 137,595 shares. Precision Radiation Surveys Ltd., 1011A - 17th Ave. S. W., Calgary, Alberta - 400,000 shares (beneficially owned by Frank Brown, R. Clive Brown and A. P. Newall Jr. as to one-third each). We do not know whether the Jas. Richardson shares are beneficially held or not.																				
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	A. P. Newall Jr., 7607-7 St. S. W., Calgary, Alberta R. Clive Brown, 24 Massey Place, Calgary, Alberta Frank Brown, 16 Massey Place, Calgary, Alberta H. Paul Henderson, #608, 80 Richmond St. W., Toronto																				
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><thead><tr><th></th><th>Cost</th><th>Est. Net Wth.</th><th>Mkt. Value</th></tr></thead><tbody><tr><td>100 Arrowhead Oil Company</td><td>978.82</td><td>\$ 1,000</td><td>No quoted mkt. value</td></tr><tr><td>90,000 Crusade</td><td>33,300.00</td><td>18,000</td><td>\$ 22,500</td></tr><tr><td>1,700,000 R. C. V.</td><td>367,858.00</td><td>340,000</td><td>102,000</td></tr><tr><td>717,327 Mill City</td><td>238,554.66</td><td>358,660</td><td>180,331</td></tr></tbody></table>		Cost	Est. Net Wth.	Mkt. Value	100 Arrowhead Oil Company	978.82	\$ 1,000	No quoted mkt. value	90,000 Crusade	33,300.00	18,000	\$ 22,500	1,700,000 R. C. V.	367,858.00	340,000	102,000	717,327 Mill City	238,554.66	358,660	180,331
	Cost	Est. Net Wth.	Mkt. Value																		
100 Arrowhead Oil Company	978.82	\$ 1,000	No quoted mkt. value																		
90,000 Crusade	33,300.00	18,000	\$ 22,500																		
1,700,000 R. C. V.	367,858.00	340,000	102,000																		
717,327 Mill City	238,554.66	358,660	180,331																		
18. Brief statement of any lawsuits pending or in process against company or its properties.	Ray D. Skogsberg filed a Statement of Claim against Marpoint Gas & Oil Corporation Limited, covering \$2,155.48 in dispute of accounts. Counter claim by Dynamic \$18,760.42. Case has not been brought to trial as yet by Skogsberg.																				
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None other than required in normal drilling and producing operations.																				
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	No shares of the Company are now in the course of primary or secondary distribution to the public. There are no other material facts than those set out in Item 1 of this statement.																				

DATED December 31, 1962.

#### CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"F. Brown"

"R. D. Paugh"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

# TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 982.  
FILED, OCTOBER 17th. 1963.

## DYNAMIC PETROLEUM PRODUCTS LTD.

Full corporate name of Company

Incorporated under the Alberta Companies Act, January 27, 1958  
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953  
(Ontario) by Letters Patent dated May 1st, 1957).

### FILING STATEMENT

Reference is made to previous Filing Statement No. 862.  
(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Underwriting of treasury shares. (b) The Company acquired 300,000 shares of Mill City from its controlled affiliate, Royal Canadian Ventures Ltd., at its cost of \$100,190.06 about July 31, 1963. (c) The Company sold to Imperial Oil Limited a Petroleum and Natural Gas Reservation for \$29,762.36.
2. Head office address and any other office address.	1011A - 17th Avenue South West, Calgary, Alberta.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<u>Frank Brown</u> - President - Petroleum Production Supervisor 16 Massey Place, Calgary, Alberta.  <u>Roger D. Paugh</u> - Vice-President - Petroleum Accountant 24 Cardiff Place, Calgary, Alberta.  <u>R. Clive Brown</u> - Secretary-Treasurer - Petroleum Engineer 24 Massey Place, Calgary, Alberta.  <u>A. P. Newall Jr.</u> - Director - Oil Company Executive 7607 - 7th Street S.W., Calgary, Alberta.
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized capital: 10,000,000 shares without par value Issued and outstanding capital (including those shares to be issued under Item 1.) 5,821,632 shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Bank loan: \$25,000.00 Notes payable: 6,000.00 Accounts payable to affiliated companies: 37,515.77
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	(a) Employees' Stock Option Plan dated October 20, 1959, as amended September 6, 1960, covering 189,000 shares of which 27,000 shares are exercisable at each 50¢, 60¢, 75¢, \$1, \$1.25, \$1.50 and \$2 per share respectively on January 1, April 1, July 1, October 1, all in 1960; January 1 and July 1 in 1961; and January 1, 1962. All options expire December 31, 1963 and are not assignable. The 50¢ option has been exercised to the extent of 2,000 shares. (b) By an agreement dated September 16, 1963, Mill City Petroleum Limited has underwritten for investment 400,000 shares at 20¢ per share and 100,000 shares at 25¢ per share, payable upon the date this Filing Statement is accepted for filing (hereinafter referred to as "the effective date"), and has been granted options as follows: 100,000 shares at 25¢ per share within 90 days of the effective date; 200,000 shares at 30¢ per share within 180 days of the effective date; and 200,000 shares at 35¢ per share within 270 days of the effective date.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Mill City Petroleum Limited will purchase the shares herein described for its own account as an investment, and no assignment is contemplated. Mill City will not sell any of the shares being acquired for a period of one year from the effective date, and thereafter not without prior notice thereof being given to and accepted for filing by the Toronto Stock Exchange and/or the Canadian Stock Exchange.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company has no specific development plans at the present time. Will use proceeds of sale of treasury shares to liquidate current liabilities.

FINANCIAL STATEMENTS

DYNAMIC PETROLEUM PRODUCTS LTD.

CALGARY, ALBERTA

CONSOLIDATED BALANCE SHEET AS AT JULY 31, 1963.

ASSETS		LIABILITIES	
CURRENT	Cash in bank	CURRENT	Accounts payable
	Accounts receivable		Accrued interest
	Accrued interest		Notes payable
	Inventory of oilwell materials - at cost		Bank loan - secured
	Prepaid expenses		
	Deposits:		
	Government of the Province of Alberta,		
	Department of Mines and Minerals		
	Government of Canada 3% bonds		
	(par value \$7,500.00 - market value		
	\$5,175.00) at cost	CAPITAL AND DEFICIT	
	Other - cash		

\$ 2,310.55	\$ 59,455.66
10,788.23	213.00
496.95	6,000.00
1,299.38	25,000.00
1,579.97	\$ 90,668.66

\$ 4,837.50	
500.00	
	\$21,812.58
5,337.50	

INVESTMENTS - at cost	
Shares of Subsidiary Companies:	
Crusade Holdings Ltd.	1.00
Dynamic Petroleum Products Inc.	100.00
Other Shares:	
100 shares of Arrowhead Oil Company	978.82
90,000 shares of Crusade Petroleum Corporation Limited	33,300.00
1,700,000 shares of Royal Canadian Ventures Ltd.	367,858.00
1,022,505 shares of Mill City Petroleum Limited	341,407.94

1.00	101.00
100.00	
978.82	
33,300.00	
367,858.00	
341,407.94	743,544.76

5,321,632 shares	1,992,139.86

DEFICIT	
Balance January 1, 1963	\$ 597,500.63
Add - net loss for the seven months ended July 31, 1963	20,659.34
	618,159.97
	1,373,979.89

PROPERTY, PLANT AND EQUIPMENT - at cost	
Interest in petroleum and natural gas leases and reservations and mining claims	420,284.39
Less - accumulated depletion	29,319.98
Well development costs	272,166.49
Less - accumulated amortization	1,637.60
Production equipment	51,565.92
Office furniture and equipment	7,260.16
Automobiles and trailers	6,907.68
	65,733.76
Less - accumulated depreciation	28,839.95
	36,893.81
	698,387.11

ORGANIZATION EXPENSES	803.10
	\$ 1,464,648.55

APPROVED ON BEHALF OF THE BOARD	
	Director
	Director

DYNAMIC PETROLEUM PRODUCTS LTD.  
CALGARY, ALBERTA

STATEMENT OF CONSOLIDATED REVENUE AND EXPENSES  
FOR THE SEVEN MONTHS ENDED JULY 31, 1963

REVENUE

Crude oil sales, less royalties	\$ 6,602.38	
Less - production expenses	<u>2,297.17</u>	4,305.21
Royalties		46.46
Interest earned		593.72
Loss on sale of Government of Canada bonds		(6,275.37)
Profit on sale of leases and reservations		<u>29,762.36</u>
		28,432.38

EXPENSES

Administrative, less recoveries	11,778.24	
Technical	<u>2,245.45</u>	
Petroleum and natural gas lease and reservation	<u>2,886.74</u>	16,910.43

NET PROFIT BEFORE DEPLETION, AMORTIZATION,  
DEPRECIATION AND WRITE-OFF OF  
ABANDONED PROPERTIES

11,521.95

PROVISION FOR:

Depletion of petroleum and natural gas leases	1,846.54	
Amortization of well development costs	112.77	
Depreciation of equipment	<u>4,086.68</u>	6,045.99
		5,475.96

ABANDONMENTS

Petroleum and natural gas leases and reservations	<u>26,135.30</u>
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NET LOSS

(\$ 20,659.34)

DYNAMIC PETROLEUM PRODUCTS LTD.  
CALGARY, ALBERTA

SCHEDULE OF CONSOLIDATED EXPENSES  
FOR THE SEVEN MONTHS ENDED JULY 31, 1963

ADMINISTRATIVE

Administrative charge from other companies	\$ 7,000.00	
Advertising and publicity	381.84	
Annual meeting	796.11	
Audit	400.00	
Auto	316.21	
Filing and listing fees	522.20	
Interest and exchange	2,189.56	
Legal fees	68.81	
Maintenance and repairs	25.99	
Miscellaneous	120.50	
Postage and express	77.41	
Printing and stationery	77.66	
Telephone and telegrams	765.74	
Transfer agents' fees and expense	1,189.42	
Travel and business promotion	187.30	
Workmen's compensation	(60.51)	
	<u>14,058.24</u>	
Less - expenses recovered	<u>2,280.00</u>	<u>\$11,778.24</u>

TECHNICAL

Geological reports and expense	1,616.25	
Maps	31.00	
Technical publications and subscriptions	<u>597.80</u>	<u>\$2,245.05</u>

PETROLEUM AND NATURAL GAS LEASE AND RESERVATION

Rentals	2,856.74	
Filing and transfer fees	<u>30.00</u>	<u>\$2,886.74</u>

DYNAMIC PETROLEUM PRODUCTS LTD.

CALGARY, ALBERTA

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE SEVEN MONTHS ENDED JULY 31, 1963

SOURCE OF FUNDS

Net proceeds from production after providing for royalties and operating costs	\$ 4,305.21	
Royalty income	46.46	
Interest earned	593.72	
Sale of petroleum and natural gas reservation	<u>29,762.36</u>	\$34,707.75

APPLICATION OF FUNDS

Loss on sale of Government of Canada Bonds	\$ 6,275.37	
Administrative expense	11,778.24	
Technical expense	2,245.45	
Petroleum and natural gas lease and reservation expense	2,886.74	
Petroleum and natural gas reservation	1.00	
Production equipment	29.65	
300,579 shares of Mill City Petroleums Limited	<u>100,344.19</u>	<u>123,560.64</u>

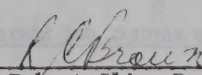
NET DECREASE IN WORKING CAPITAL

(\$88,852.89)

CERTIFICATE

I, Robert Clive Brown, Secretary-Treasurer of Dynamic Petroleum Products Ltd., hereby certify that there has been no material change in the Balance Sheet of this Company since July 31, 1963.

DATED at the City of Calgary in the Province of Alberta, this 24th day of October, 1963.

  
\_\_\_\_\_  
Robert Clive Brown  
Secretary-Treasurer

ROYAL CANADIAN VENTURES LTD. AND ITS WHOLLY OWNED SUBSIDIARY,  
ROYCAN PETROLEUMS INC.

CONSOLIDATED BALANCE SHEET

JULY 31, 1963

ASSETS

Current assets:

Cash  
Accounts Receivable

\$ 175.25  
15,008.42

\$ 15,183.67

Investments:

Shares of and advances to other  
companies - at cost less amounts  
written off

\$ 15,725.10

Marketable securities - at cost  
Mill City Petroleum Limited - 1,143,854 shares  
(quoted market value \$205,893.72)  
Dynamic Petroleum Products Ltd. - 5,700 shares  
(quoted market value \$885.00)

382,009.32

7,500.00

405,234.42

Fixed assets:

Producing petroleum and natural gas  
leases - at cost  
Well development costs

\$ 7,942.95  
324,774.47  
332,717.42  
160,217.89

Less allowance for depletion

172,499.55

Production equipment - at cost  
Less allowance for depreciation

62,382.33  
25,087.39

Undeveloped petroleum and natural gas  
leases, reservations and gross  
overriding royalty - at cost less  
amount written off

37,294.94

Mining claims and interest therein -  
at cost

15,879.06

Development costs thereon

7,089.50  
40,908.80

Other - at cost

11,259.89

Less allowance for depreciation

4,999.05

Excess of the purchase price of the shares  
of the subsidiary company over the  
underlying net book value at the date  
of acquisition less amounts written off

6,260.84

52,499.46

332,432.13

Organization expenses

627.66

\$ 753,477.88

LIABILITIES

Current Liabilities:

Bank loan - secured  
Accounts payable  
Loans payable

\$184,300.00  
4,664.94  
98,000.00

\$ 286,964.94

Shareholders' equity:

Share capital

405,234.42

Authorized 5,000,000 shares of no par  
value; issued and outstanding  
3,600,723 shares

\$1,112,663.99

Deficit - September 30, 1963  
Net profit to July 31, 1963

\$667,420.23  
21,269.18

466,512.94

646,151.05

Approved on Behalf of the Board

*Robert P. Gault* Director

*Robert P. Gault* Director

\$ 753,477.88

ROYAL CANADIAN VENTURES LTD.,  
and Its Wholly Owned Subsidiary  
ROYCAN PETROLEUMS INC.

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT  
FOR THE TEN MONTHS ENDED JULY 31, 1963

Revenue:

Net Proceeds from production \$ 52,890.15

Other income:

Interest income	\$ 683.20	
Profit on sale of equipment	283.49	
Royalty	856.42	
Loss on sale of bonds	<u>(2,912.50)</u>	<u>(1,089.39)</u>
		\$51,800.76

General and administrative expenses

Salary - management	\$ 2,400.00	
Salary and bonus - other	1,750.00	
Management services	5,500.00	
Professional services	2,200.04	
Other - net	<u>8,982.54</u>	20,832.58

Technical expense

5,053.50

Lease Rentals - undeveloped

697.00

26,583.08

25,217.68

Other charges

Dry holes and abandonments

3,948.50

NET PROFIT

\$21,269.18

NOTE: No provision has been made in this statement  
for depletion, amortization and depreciation.

ROYAL CANADIAN VENTURES LTD.

CALGARY, ALBERTA

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE TEN MONTHS ENDED JULY 31, 1963

Source of Funds

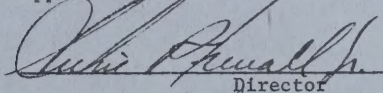
Net proceeds from production after providing for royalties and operating expenses	\$52,890.15	
Interest income	683.20	
Royalty income	856.42	
Sale of office equipment	300.00	
Sale of production equipment	3,029.51	
Transfer of 300,000 shares of Mill City Petroleum Limited to Dynamic Petroleum Products Ltd.	100,190.06	\$157,949.34

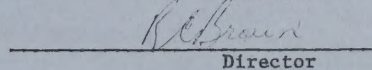
Application of Funds

Administrative expense	\$ 20,832.58	
Technical expense	5,053.50	
Lease rentals	697.00	
Loss on sale of Government of Canada bonds	2,912.50	
Well development costs	1,924.08	
Production equipment	4,678.90	
Mining claims	5.00	
Mining development costs	2,050.58	
Office equipment	112.00	
1,281,746 shares of Mill City Petroleum Limited	452,771.56	\$491,037.70

NET DECREASE in Working Capital \$333,088.36

Approved on Behalf of the Board

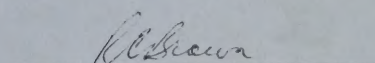
  
Director

  
Director

CERTIFICATE

I, Robert Clive Brown, Secretary-Treasurer of Royal Canadian Ventures Ltd. hereby certify that there has been no material change in the Balance Sheet of this Company since July 31, 1963.

DATED at the City of Calgary in the Province of Alberta,  
this 24th day of October, 1963.

  
Robert Clive Brown  
Secretary-Treasurer

10. Brief statement of company's chief development work during past year.	None.																				
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None.																				
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable.																				
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	1,358,000 shares are held in escrow by Prudential Trust Company Limited, subject to release by the consent of the various Stock Exchanges upon which the Company's shares are listed.																				
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Frank Brown, 16 Massey Place, Calgary, Alberta - 339,500 shares A.P. Newall Jr., 7607 - 7th St. S.W., Calgary, Alta. - 339,500 shares R. Clive Brown, 24 Massey Place, Calgary, Alberta - 339,500 shares H.P. Henderson, #608, 80 Richmond St.W., Toronto, Ontario - 339,500 (See 15. below)																				
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Each of the persons mentioned in Item 14 hereof holds 455,422 free shares and 339,500 escrowed shares except H.P. Henderson who holds 455,421 free shares and 339,500 escrowed shares. Prudential Trust Company Limited is the custodian of 1,821,687 shares held in equal proportions for the four individuals mentioned in Item 14 hereof. James Richardson & Sons holds 188,553 shares, the beneficial ownership of which the Company is not aware.																				
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Frank Brown, 16 Massey Place, Calgary, Alberta. A. P. Newall Jr., 7607-7 St. S.W., Calgary, Alberta R. Clive Brown, 24 Massey Place, Calgary, Alberta																				
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><thead><tr><th>Name of Company</th><th>No. shares</th><th>Cost</th><th>Current mkt.pr.</th></tr></thead><tbody><tr><td>Arrowhead Oil Co.</td><td>100</td><td>\$ 978.82</td><td>No quoted mkt.value</td></tr><tr><td>Crusade Pet. Corp.</td><td>90,000</td><td>33,300.00</td><td>\$ 9,000.00</td></tr><tr><td>Royal Can. Ventures</td><td>1,700,000</td><td>367,858.00</td><td>136,000.00</td></tr><tr><td>Mill City Pet. Ltd.</td><td>1,022,505</td><td>341,407.94</td><td>224,951.10</td></tr></tbody></table>	Name of Company	No. shares	Cost	Current mkt.pr.	Arrowhead Oil Co.	100	\$ 978.82	No quoted mkt.value	Crusade Pet. Corp.	90,000	33,300.00	\$ 9,000.00	Royal Can. Ventures	1,700,000	367,858.00	136,000.00	Mill City Pet. Ltd.	1,022,505	341,407.94	224,951.10
Name of Company	No. shares	Cost	Current mkt.pr.																		
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Crusade Pet. Corp.	90,000	33,300.00	\$ 9,000.00																		
Royal Can. Ventures	1,700,000	367,858.00	136,000.00																		
Mill City Pet. Ltd.	1,022,505	341,407.94	224,951.10																		
18. Brief statement of any lawsuits pending or in process against company or its properties.	Ray D. Skogsberg filed a Statement of Claim against Marpoint Gas & Oil Corporation Limited, covering \$2,155.48 in dispute of accounts. Counter claim by Dynamic - \$18,760.42. Case has not been brought to trial as yet by Skogsberg.																				
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None.																				
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	None. None of the shares of the Company are in the course of primary distribution to the public.																				

DATED September 16, 1963.

#### CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"F. Brown" Frank Brown CORPORATE SEAL  
President  
"R.C. Brown" R. Clive Brown Secretary-Treasurer

#### CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

MILL CITY PETROLEUMS LIMITED

"R.D. Paugh" Ray D. Paugh President  
"R.C. Brown" R. Clive Brown Secretary-Treasurer